

Fiscal Note

Fiscal Services Division



SF 434 – Electric and Natural Gas Vehicle Facility Tax Credit (LSB 1595SV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 434 creates a new refundable income tax credit for the installation of commercial, residential, and farm electric and compressed natural gas vehicle refueling infrastructure. The credit is equal to 30.0% of the unreimbursed cost of purchasing and installing the equipment. Commercial and agricultural installation tax credits may be claimed in equal installments over three tax years. Residential tax credits may be claimed entirely in the initial tax year. All qualified installations must be placed in service prior to January 1, 2015. This Bill limits the dollar amount of tax credits that may be approved to \$5.0 million across all tax years. The tax credits are allowed on a first come, first served basis.

The change is effective January 1, 2013, and repealed January 1, 2020.

Assumptions

- Sufficient demand will exist to fully utilize \$5.0 million in tax credits.
- The \$5.0 million in tax credits will impact net General Fund revenue on the following schedule:
 - a. FY 2014 = 16.0%
 - b. FY 2015 = 36.0%
 - c. FY 2016 = 48.0%

Fiscal Impact

The new tax credit will reduce net General Fund revenue by the following estimated amounts:

- FY 2014 = \$ -0.8 million
- FY 2015 = \$ -1.8 million
- FY 2016 = \$ -2.4 million

Since the tax credit is refundable, there is no impact to the Local Option Income Surtax for Schools.

Sources

Natural Gas Vehicle Association
Center for Automotive Research
Department of Revenue
Legislative Services Agency Analysis

/s/ Holly M. Lyons

April 9, 2013

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
